

PEPPER, HAMILTON & SCHEETZ

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ATTORNEYS AT LAW

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THE FIDELITY BUILDING
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CABLE ADDRESS "PEPFIL PHILADELPHIA"
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MALVERN, PA 19355
215-251-0777

824 MARKET STREET
WILMINGTON, DE 19801
302-652-2007

WRITER'S DIRECT DIAL NUMBER

(215) 893-3084

14939

RECORDATION NO. _____ Filed 1425

APR 11 1986 - 1 05 PM April 11, 1986

INTERSTATE COMMERCE COMMISSION

HAND DELIVER

Interstate Commerce Commission
Constitution Avenue and 12th Street, N.W.
Washington, D.C. 20423

Attention: Mildred Lee, Office of the Secretary,
Public Record Section, Room 2303

Dear Ms. Lee:

Enclosed for filing and recording in your office are three (3) originally executed and notarized copies of a Security Agreement, dated as of April 8, 1986 by and between Union Mutual Life Insurance Company and United States Trust Company and the requisite fee payable to the Interstate Commerce Commission in the amount of \$10.00.

A certain Lease of Railroad Equipment dated as of January 30, 1986, between Consolidated Rail Corporation and United States Trust Company, which was recorded in your office on February 5, 1986 and assigned recordation number 14892, is the subject of the enclosed Security Agreement. For purposes of description in this letter I will hereinafter refer to such lease as ICC Lease No. 14892.

The addresses of the parties to the Security Agreement and related Lease are:

United States Trust Company
40 Court Street
Boston, Massachusetts 02108

Union Mutual Life Insurance Company
2211 Congress Street
Portland, Maine 04122

Consolidated Rail Corporation
1310 Six Penn Center Plaza
Philadelphia, Pennsylvania 19103

4/11/86
Date
Fee \$ 10.00
ICC Washington, D. C.

Copy of same

PEPPER, HAMILTON & SCHEETZ

Interstate Commerce Commission
April 11, 1986
Page Two

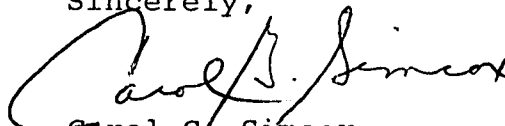
The equipment to which the Security Agreement relates is described on Schedule A attached to ICC Lease No. 14892.

In addition to recording the enclosed Security Agreement, please cross reference it with ICC Lease No. 14892 and designate on ICC Lease No. 14892 that a Security Agreement related thereto has been recorded in your office on April 11, 1986. Also, please indicate on ICC Lease No. 14892 the recordation number you assign to the Security Agreement.

Please provide the representative of this firm who is delivering this package to you with a receipt and at least one copy of the Security Agreement described in the above.

Thanking you in advance for your attention to this matter, I am

Sincerely,



Carol G. Simcox
Legal Assistant

CGS/dtj
Enclosures
cc: Paula G. Pressman, Esquire
William Stone, Esquire
John W. McLamb, Jr., Esquire

Interstate Commerce Commission
Washington, D.C. 20423

4/11/86

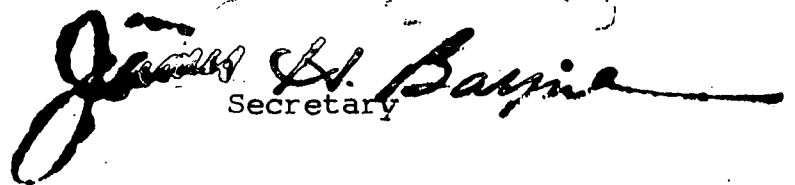
OFFICE OF THE SECRETARY

Carol G. Simcox
Legal Assist.
Pepper, Hamilton & Scheetz
123 South Broad St
Phila. PA. 19109-1083

Dear Ms. Simcox

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/11/86 at 1:05pm and assigned re-recording number(s). 14939

Sincerely yours,


Secretary

Enclosure(s)

APR 11 1986 -1 05 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of April 8, 1986, between UNITED STATES TRUST COMPANY, a Massachusetts trust company having an address at 40 Court Street, Boston Massachusetts 02108 (Debtor), and UNION MUTUAL LIFE INSURANCE COMPANY, a Maine corporation having its principal office at 2211 Congress Street, Portland Maine 04122 (Secured Party).

RECITALS

WHEREAS, the Debtor has purchased and intends to purchase certain equipment from the vendors thereof and to lease such equipment to Consolidated Rail Corporation, a Pennsylvania corporation (Lessee) pursuant to the Lease of Railroad Equipment, dated as of January 30, 1986, and Amendment Number One thereto, dated as of January 30, 1986 (collectively, the Lease) between the Debtor, as lessor, and the Lessee, as lessee, which Lease has been recorded with the Interstate Commerce Commission on February 5, 1986 under recordation number 14892;

WHEREAS, in order to finance a portion of the purchase price of such equipment, loans (the Loans) will be made pursuant to a Note Purchase Agreement, dated as of April 8, 1986 (the Note Purchase Agreement), between Debtor and Secured Party, which Loans will be represented by certain notes (the Notes) having the following characteristics:

<u>Original Principal Amounts</u>	<u>Maturities (approximate)</u>	<u>Interest Rates</u>
\$4,300,000	5 years	9.375%
1,500,000	7 years	9.55%
740,000	8 years	9.55%
<u>1,500,000</u>	10 years	9.50%
\$8,040,000		

The dates of issuance, actual original principal amounts and maturities of the Notes will be set forth on Schedules A to be executed and delivered pursuant hereto.

WHEREAS, the Debtor, pursuant to this Agreement, agrees to make payments to the Secured Party in amounts sufficient to pay the principal of and interest on the Notes; and

WHEREAS, this Agreement is being executed and delivered in order to provide for a means of paying the Notes and to secure the obligations of the Debtor hereunder, under the Note Purchase Agreement, and under the Notes:

NOW THEREFORE, in consideration of the above recitals and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

I. GRANT OF SECURITY INTEREST AND ASSIGNMENT

For value received, to induce Secured Party to make the Loans, to provide a means for making payments on the Notes, and to secure, equally and ratably, the payment of the Notes according to their tenor and effect, and also to secure all of the covenants and obligations of Debtor under the Notes, this Agreement and the Note Purchase Agreement (such obligations of Debtor being collectively called the Obligations), Debtor does irrevocably give, pledge, assign, transfer and set over to Secured Party, its successors and assigns a security interest in and to the following described property, rights, interests and privileges, together with the present and continuing right to receive directly all payments of rent, Casualty Values (as defined in the Lease) and other sums payable to lessor under the Lease other than Excepted Payments as hereinafter defined (collectively, the Collateral):

A. The following items, and the proceeds thereof (the Equipment Collateral):

1. The equipment (the Equipment) listed and described on the Schedules A hereto which shall be delivered at each Closing under and as defined in the Note Purchase Agreement, together with all substitutions, replacements, attachments and accessories thereto but excluding attachments and accessories removable without damage to the Equipment which are owned by Lessee or leased by Lessee under any lease other than the Lease;
2. Any other property now or at any time hereafter subject to the Lease, or any extension or renewal of the Lease, provided however that Secured Party shall be entitled to rentals under the Lease for any extension or renewal term thereof only after the occurrence and continuance of an Event of Default referred to in Article V;
3. All right, title and interest of Debtor to all proceeds of the foregoing of whatever kind or nature, including without limitation all claims against third parties for destruction or loss of or damages to any of the foregoing,

any insurance and other proceeds received under any insurance policies insuring all or any part of the Equipment or any other property subject to the Lease and to all condemnation awards with respect to such Equipment or property; and

4. All right, title and interest of Debtor in or to any purchase documents, purchase orders, sales agreements or any assignments thereof, with respect to the Equipment, and each bill of sale delivered to the Debtor in connection therewith.

B. The following items, and the proceeds thereof (the Lease Collateral):

1. All of Debtor's estate, right, title and interest as lessor under the Lease (including all Certificates of Acceptance thereto), as the same may from time to time be supplemented, amended or modified;
2. All of the Debtor's right, title and interest, if any, in and to any subleases entered into by Lessee with respect to any Equipment;
3. All rights of the Debtor to make any decision or determination or to exercise any election or option or to give any notice, consent, waiver, approval, or declaration of default under or with respect to the Lease or the Equipment;
4. The full amount of each installment of rent payable now or in the future pursuant to the Lease and all amounts payable now or in the future by Lessee under the Lease or as damages for breach of its obligation under the Lease, including without limitation, the full amount of all other sums due under the Lease including, but not limited to, Casualty Value payments, and, after the occurrence and continuance of an Event of Default, the proceeds of any sale of the equipment; and

5. All tangible and intangible personal property, chattel paper and contract rights and all proceeds thereof now owned or hereafter acquired by the Debtor pursuant to or in connection with the Lease and the Equipment which itself has been made subject to the security interest created hereby.

TO HAVE AND TO HOLD said Collateral as security for payment of all the Obligations; SUBJECT, HOWEVER, to the rights of quiet enjoyment of the Lessee in Equipment, as set forth more fully in Section VII hereof; and EXCLUDING, HOWEVER, Excepted Payments. Excepted Payments means all payments to Debtor payable as Interim Rental (referred to in Schedule C to the Lease) and pursuant to Sections 6, 9, 13 (except after the occurrence and continuance of an Event of Default) or 16 of the Lease together with the right to enforce the making of such payments together with insurance proceeds payable to Debtor pursuant to any policy of liability insurance maintained pursuant to the Lease.

Notwithstanding the provisions of clause 3 of Section B above, Debtor may give notices of default under Lease and may enforce the Lease, but only with the prior written consent of Secured Party to the specific action proposed to be taken by Debtor, which consent will not be unreasonably denied or delayed.

II. COVENANTS OF DEBTOR

Debtor hereby covenants and agrees as follows:

A. Insurance. There shall at all times be maintained in full force insurance policies as required by the Lease (including the provision for self-insurance) and loss thereon shall be payable as provided in the Lease. If no Event of Default shall have occurred and be continuing under the Lease, all insurance proceeds shall be applied as provided in the Lease. If an Event of Default under the Lease shall have occurred and be continuing, insurance proceeds (other than of liability insurance) shall be applied to the payment of the Obligations. Upon the occurrence of such Event of Default under the Lease, Debtor hereby assigns to Secured Party any sums, not in excess of the unpaid balance of the Obligations, payable under such insurance including return of unearned premiums, and agrees to direct any insurance company to make such payments directly to the Secured Party to be applied to said unpaid balance.

B. Inspection. Debtor will allow the Secured Party to enter and examine the Collateral wherever located, to the extent permitted by the Lease.

C. Taxes and Assessments. Pursuant to the provisions of the Lease, Debtor will cause to be paid promptly when due all taxes and assessments upon the Collateral, or for its use or operation, or upon this Agreement or the Notes or other Obligations secured hereby. At its election and after ten (10) days prior written notice to Debtor, Secured Party is hereby authorized, but not required, to discharge taxes and Liens at any time levied or placed on the Collateral and to pay for insurance on, and expenses relating to maintenance and preservation of the Collateral. On demand, Debtor will reimburse Secured Party for all losses, costs and expenses so incurred, together with interest thereon from the date of payment thereof by Secured Party at a rate per annum equal to the "prime" or "base" rate of interest announced from time to time by Debtor for corporate borrowers of the highest credit rating, and the amount so owing to Secured Party at any time shall be an Obligation secured hereby.

D. Condemnation. Debtor shall notify Secured Party of any condemnation or other eminent domain proceeding with respect to the Equipment promptly upon its obtaining knowledge of such proceeding.

E. Further Assurances. Debtor agrees that at any time and from time to time, upon the written request of Secured Party, Debtor will promptly and duly execute and deliver any and all such further instruments and documents as Secured Party may reasonably request in obtaining the full benefits of this Agreement, or the rights and powers granted in this Agreement and of the Liens granted to Secured Party hereby, including, without limitation, documents to be filed with the Interstate Commerce Commission, the filing of any financing or continuation statement or assignments thereof under the Uniform Commercial Code in effect in any jurisdiction with respect to the liens and security interests granted or created by this Agreement, as Secured Party may from time to time request.

F. Lease Obligations. Debtor will duly and punctually perform and comply with all the terms and conditions of any of the provisions of the Lease applicable to Debtor and will (i) not, without the prior written consent of Secured Party, waive or terminate any of its rights under the Lease or declare the Lease to be in default or exercise remedies thereunder; (ii) notify Secured Party of any default by Debtor or Lessee under the Lease, promptly upon its obtaining knowledge thereof; (iii) not consent to any cancellation or termination of the Lease, or amend or modify the Lease without the prior written consent of Secured Party, which consent will not be unreasonably withheld; (iv) keep, or cause Lessee to keep, the Equipment Collateral in such repair and operating condition as is required pursuant to the Lease without any cost or liability to Secured Party; and (v) upon written request by Secured Party, fully cooperate with Secured Party to cause Lessee to comply with all the provisions of the Lease.

G. Liens. Debtor will not create, incur, assume or suffer to exist any Lien of any kind (including the charge upon property purchased under conditional sales or other title retention agreements) upon, or any security interest in, Collateral except (i) the Liens created by this Agreement; and (ii) the rights of the Lessee in the Equipment under the Lease.

H. Payment of Indebtedness. Debtor will pay the principal of, and interest on the Notes and all other amounts now or in the future due or owing by Debtor under this Agreement or under the Notes, in accordance with the terms of the Notes, this Agreement and the Note Purchase Agreement, as and when due and payable.

I. Copies of Notices. Debtor will promptly deliver to Secured Party copies of all notices received or delivered by Debtor under the Lease.

J. Financial Reports of Lessee. With reasonable promptness after its issuance each year, Debtor will provide Secured Party with a copy of Lessee's annual financial statement, including without limitation audited profit and loss statement.

III. MANDATORY PREPAYMENT; CASH FLOW; NO OPTIONAL PREPAYMENT

A. Upon a termination with respect to any item or unit of Equipment in connection with a Casualty Occurrence (as defined in Section 7 of the Lease) with respect to such Equipment pursuant to Section 10 of the Lease, the Debtor will prepay a portion of the principal amount of the Note issued with respect to such item or unit of Equipment which bears the same relation to the then unpaid principal amount of such Note as the Lessor's Cost of such item or unit of Equipment bears to the Lessor's Cost of all Equipment with respect to which such Note was issued, together with accrued and unpaid interest on the amount of principal so prepaid, and the remaining installments of principal on such Note shall be reduced appropriately to amortize the remaining principal balance over the remainder of the term of such Note. Any Casualty Value received pursuant to Section 7 of the Lease in excess of the amount required for such prepayment shall, if no Event of Default shall have occurred and be continuing hereunder, be paid to the order of the Debtor. The Notes shall not be subject to prepayment at the option of the Debtor.

B. Provided that no Event of Default shall have occurred and be continuing under this Agreement, any rent payable under the Lease and received by Secured Party which is in excess of the amount payable on the Notes for interest and/or principal on or about the date such payment of rent is due shall be paid by Secured Party to Debtor or upon its written order, within 5 business days after being billed by Debtor for such excess.

IV. RIGHTS OF SECURED PARTY

The Debtor irrevocably constitutes and appoints Secured Party and any officer of Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in place and stead of Debtor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the agreements set forth in this Agreement and, without limiting the generality of the foregoing Debtor gives Secured Party the power and right, on behalf of the Debtor, without notice to or assent by Debtor to do the following:

A. upon the occurrence and continuance of an Event of Default, to endorse any loss payment or returned premium check and to make, settle and release any claim under any insurance policy with respect to the Collateral;

B. upon the occurrence and continuance of an Event of Default under the Lease, to file any claim or take any other action or proceeding in any court of law or equity for the purpose of collecting any and all sums due under the Lease;

C. upon the occurrence and continuance of an Event of Default, to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement or the Lease and to pay all or any part of such insurance premiums and such repair costs; and

D. upon the occurrence and continuance of any Event of Default (i) to receive payment of and receipt for any and all sums, claims and other amounts due and to become due at any time in respect of, or arising out of, any Collateral, provided, however, that Secured Party shall at all times have the right to receive all rental and other payments due under the Lease from the Lessee (other than Excepted Payments), whether or not an Event of Default shall have occurred and be continuing; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction, to collect the Collateral or any part thereof and to enforce any other right in respect of the Collateral; (iii) to settle, compromise or adjust any suit, action or proceeding described above and, in connection with such suit, action or proceeding, to give such discharges or releases as Secured Party may deem appropriate; and (iv) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner of the Collateral for all purposes, and to do, at Secured Party's

option, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest in the Collateral to effect the intent of this Agreement, all as fully and effectively as Debtor might do. Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done in accordance with the provisions of this Agreement. This power of attorney is a power coupled with an interest, shall be irrevocable and shall terminate only upon payment in full of the Obligations and the termination of this Agreement.

The powers conferred on Secured Party under this Agreement are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it, nor any of its officers, directors, employees or agents, shall be responsible to Debtor for any action taken or omitted to be taken in good faith, or in reliance on the advice of counsel, except for its own willful misconduct.

V. DEFAULTS: REMEDIES

The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement:

A. Default shall be made in the payment of any principal of or interest on any Note when due and payable, whether at maturity or otherwise and such default shall continue for a period of 5 business days; or

B. Default shall be made in the due observance or performance of Debtor of any other term, covenant or agreement contained in this Agreement or in the Notes or any other agreement executed by Debtor in connection with this transaction, and such default shall continue unremedied for a period of 30 days after the earlier to occur of Debtor's obtaining knowledge of such default or written notice of such default, specifying such default and requiring it to be remedied, shall have been given to Debtor by Secured Party; or

C. Any representation or warranty made by Debtor in this Agreement or the Note Purchase Agreement, or any statement or representation by Debtor made in any certificate, report, agreement, financial statement, opinion or other statement, made in writing and delivered pursuant to this Agreement or the Note Purchase Agreement or in connection with the Loans, shall prove to be false or misleading in any material respect when made; or

D. Any Event of Default specified in the Lease shall have occurred and be continuing; or

E. Debtor shall make a general assignment for the benefit of creditors, file a petition in bankruptcy, be adjudicated insolvent or bankrupt, petition or apply to any tribunal for a receiver or a trustee of Debtor, or any substantial part of its property, shall commence any proceeding relating to Debtor under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether in effect now or in the future, or if there shall be commenced against Debtor such proceeding which remains undismissed for a period of 60 days, or Debtor by any act shall indicate its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or any trustee for Debtor or any substantial part of its property, or shall suffer any such receivership or trusteeship to continue undischarged for a period of 60 days; or

F. So long as any Note shall be outstanding, without the prior written consent of the Secured Party, the Debtor shall transfer, assign, convey, hypothecate, encumber or otherwise dispose of all or any part of its interest in the Collateral other than as expressly permitted by and in accordance with the provisions hereof.

Notwithstanding anything to the contrary herein, a default by the Lessee in the performance of its obligations under the Lease shall not constitute the basis for an Event of Default hereunder unless Debtor shall have failed to cause the Lessee to cure such default within ten (10) days following Debtor's receipt of notice or other knowledge thereof. Except in the event of a default in any payment due, if a default cannot with the exercise of due diligence be cured within such ten-day period, then Debtor shall have the right to cause the Lessee to cure such default for an additional period of time, but in no event to exceed an additional thirty (30) days from the date that said ten-day period has ended, as may be reasonable under the circumstances, and provided further that Debtor may exercise its right to cause Lessee to cure with respect to no more than three (3) defaults by the Lessee in the performance of its obligations under the Lease.

If any Event of Default shall occur and be continuing, then Secured Party may at its election declare the Obligations to be immediately due and payable, whereupon the Obligations shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, and Secured Party may proceed against Debtor for any amounts then due Secured Party under this Agreement or under the Notes and may exercise, in addition to all other rights and remedies granted to it under this Agreement and under any other instrument or agreement securing, evidencing or relating to any of the Obligations all rights and remedies of a secured party under the Uniform Commercial Code and all rights of a secured party under the laws of any jurisdiction where any Collateral is located, subject to the

rights of the Lessee under the Lease. Secured Party may apply the net proceeds of any sale, lease or other disposition of the Collateral, after deducting all costs and expenses of every kind incurred in such disposition or incidental to the gathering together, taking, holding, preparing for sale, selling, leasing or the like of the Collateral or in any way relating to Secured Party's rights under this Agreement (including attorneys' fees and expenses), to the payment, in whole or in part, in such order as Secured Party may elect, of one or more of the Obligations, and any balance of such proceeds held by Secured Party and remaining after payment in full of all of the Obligations then due shall be paid over to Debtor or to any person who may be lawfully entitled to receive the same, if Secured Party has notice thereof, without recourse, representation or warranty. If any Obligation is not paid when due, then interest shall accrue on such Obligation (including, to the extent permitted by law, on overdue interest) from such due date at the lower of (i) 14% per annum, or (ii) the maximum rate not prohibited by law.

Subject to any requirements of law and to the rights of Lessee under the Lease, Debtor agrees, if requested by Secured Party upon the occurrence of any Event of Default promptly to execute and deliver to the Secured Party such instruments or documents as Secured Party may deem reasonably necessary or advisable to enable Secured Party to obtain possession of all Equipment Collateral at such time(s) or place(s) as Secured Party may specify. Debtor also agrees to pay any and all costs of Secured Party, including attorneys' fees and expenses, incurred with respect to the collection of any of the Obligations and the enforcement of any of the provisions hereof after the occurrence of an Event of Default.

VI. NO RELEASE OR ASSUMPTION

It is expressly agreed that, anything contained in this Agreement to the contrary notwithstanding, (i) Debtor shall remain liable under the Lease to perform all of its obligations and agreements under the Lease, (ii) upon the occurrence and continuance of an Event of Default under this Agreement, the obligations of Debtor under the Lease may be performed by Secured Party or its nominee or other assignee of Secured Party without releasing Debtor from such obligations, and (iii) Secured Party shall not have any obligation or liability under the Lease by reason of, or arising out of, this Agreement.

VII. NONDISTURBANCE OF LESSEE

So long as there is no Event of Default under the Lease, neither Debtor nor Secured Party shall disturb the Lessee's peaceful and quiet enjoyment of its rights under the Lease, and Debtor shall be liable to Secured Party for any loss resulting from Debtor's violation of the foregoing covenant and

Secured Party shall be liable to Debtor for any loss resulting from Secured Party's violation of the foregoing covenant.

VIII. FILING OF FINANCING STATEMENTS

Secured Party is authorized to file financing statements signed only by Secured Party with respect to the Collateral in accordance with the Uniform Commercial Code or signed by Secured Party as attorney-in-fact for Debtor.

IX. NOTICES

Any notice to Debtor or Secured Party shall be deemed given ten days after being deposited in the mail, first class postage prepaid or two days after being sent by Federal Express or other similar overnight express mail service, or upon actual delivery, addressed to Debtor at its address set forth above, to the attention of Vice President, or to Secured Party at its address set forth above, to the attention of Bond Investment Division (except for invoices rendered pursuant to paragraph B of Article III, which shall be to the attention of Investment Accounting Department). Secured Party or Debtor, by written notice to the other in accordance with this Agreement, may specify any other address for notices to such other party.

X. CUMULATIVE REMEDIES, WAIVERS, AMENDMENTS AND TERMS

No delay or failure by Secured Party in the exercise of any right or remedy shall constitute a waiver of such right or remedy, and no single or partial exercise by Secured Party of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy. This Agreement may not be changed, modified or discharged in whole or in part and no right or remedy of Secured Party under this Agreement may be waived orally, but only by a written agreement signed by Secured Party and Debtor, and no course of dealing between Debtor and Secured Party shall be effective to change or modify or to discharge in whole or in part this Agreement or the security interest granted by this Agreement. All capitalized terms not otherwise defined in this Agreement shall have the same meaning as set forth in the Note Purchase Agreement.

XI. SEVERABILITY

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, in such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

XII. GOVERNING LAWS: SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon Debtor, its successors and assigns, shall inure to the benefit of Secured Party, its successors and assigns and shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

XIII. NON-RECOURSE

Anything in this Agreement, the Notes, the Note Purchase Agreement or any certificate, opinion or document of any nature whatsoever, to the contrary notwithstanding, Secured Party shall have no claim, remedy or right to proceed (at law or in equity) against Debtor, its parent company, or any officer, director, employee or agent of Debtor or its parent company personally for (a) any deficiencies, damages or any other sum owing on account of the indebtedness evidenced by the Notes or (b) for the payment of any liability resulting from the breach of any agreement or representation under this Agreement, the Notes or the Note Purchase Agreement, other than any material breach, when made, of the representations or warranties contained in Section 5 of the Note Purchase Agreement, the indemnifications contained in Section 9 of the Note Purchase Agreement and the provisions of Article VII of this Agreement, from any source other than the Collateral, the proceeds from the Collateral, or from Lessee for its obligations under the Lease, and Secured Party waives and releases any such personal liability of Debtor and such other parties.

XIV. RELEASE OF COLLATERAL; DEFINITIONS

Upon the payment in full of any Note pursuant to the terms thereof, provided that no Event of Default shall have occurred and be continued hereunder, the lien and security interest hereof shall be released as to the portion of the Collateral which was financed by the issuance of such Note, and Secured Party shall execute and deliver such instrument(s) of release as reasonably may be requested by Debtor, all at the expense of Debtor.

All capitalized terms not otherwise defined herein are used as defined in the Note Purchase Agreement.

Schedule A(1) to Security Agreement

Dated as of April 8, 1986,

From

UNITED STATES TRUST COMPANY,
as Debtor

To

UNION MUTUAL LIFE INSURANCE COMPANY,
as Secured Party

The date of this Schedule A is April 15, 1986.

For value received, to induce Secured Party to make the loans evidenced by the notes referred to below and certain other notes (collectively, the Notes) referred to in the Security Agreement referred to above (the Security Agreement) and to secure, equally and ratably, the payment of all such Notes according to their tenor and effect and also to secure all the covenants and obligations of Debtor under such Notes, such Security Agreement and the Note Purchase Agreement, dated as of April 8, 1986, between Debtor and Secured Party (the Note Purchase Agreement) Debtor does hereby irrevocably give, pledge, assign, transfer and set over to Secured Party, its successors and assigns a security interest in and to the items of equipment listed on the attached "Equipment Descriptions", together with all of the right title and interest of the Debtor as lessor under the Lease of Railroad Equipment, dated as of January 30, 1986, together with Amendment Number One thereto, dated as of January 30, 1986, between Debtor as lessor, and Consolidated Rail Corporation, as lessee (the Lease,) as such Lease relates to such Equipment, and all of the other rights and property with respect to the foregoing referred to in Article I of the Security Agreement.

The Notes being executed and delivered by Debtor concurrently with the execution and delivery of the Schedule A to Security Agreement are as follows:

<u>Note Number</u>	<u>Lease Equipment Schedule Number</u>	<u>Original Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>
I	1	\$983,266	March 1, 1993	9.55%
II	2	\$172,954	March 1, 1991	9.375%
III	3	\$179,031	April 1, 1993	9.55%
IV	4	\$809,363	April 1, 1991	9.375%

This Schedule A to Security Agreement is supplemental to the Security Agreement and has been executed and delivered so as to make the property described herein subject to the security interest created by said Security Agreement. This Schedule A to Security Agreement shall not be construed to limit any of the rights or obligations of the parties to the Security Agreement but is in furtherance thereof.

[Note I; Lease Equipment Schedule 1]

Equipment Description

<u>Description</u>	<u>Acceptance Date</u>	<u>Serial Number</u>	<u>Engine Number (if applicable)</u>	<u>ConRail Number</u>	<u>Lessor's Cost</u>
One Plasser Universal Yardmaster UYM-8-L Switch Tamper (Plasser American Corp.)	Feb. 10, 1986	1738		MP-9026	\$ 188,072.60
One Plasser Universal Yardmaster UYM-8-L Switch Tamper (Plasser American Corp.)	Feb. 12, 1986	1737		MP-9025	\$ 187,958.11
One Plasser Universal Yardmaster UYM-8-L Switch Tamper (Plasser American Corp.)	Feb. 18, 1986	1739		MP-9027	\$ 187,717.79
One Plasser Universal Yardmaster UYM-8-L Switch Tamper (Plasser American Corp.)	Feb. 20, 1986	1740		MP-9028	\$ 187,906.77
One Plasser Universal Yardmaster UYM-8-L Switch Tamper (Plasser American Corp.)	Feb. 26, 1986	1741		MP-9029	\$ 188,327.57
Four 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Feb. 14, 1986	593	3D-199468	TH2171	\$ 37,257.50
		594	3D-199471	TH2172	\$ 37,257.50
		595	3D-201749	TH2173	\$ 37,150.00
		596	3D-199461	TH2174	\$ 37,150.00
Two 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Feb. 24, 1986	597	3D-201750	TH2175	\$ 37,298.70
		598	3D-201751	TH2176	\$ 37,298.70
Two 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Feb. 27, 1986	599	3D-201648	TH2177	\$ 37,391.40
		600	3D-201645	TH2178	\$ 37,391.40
Total					\$1,238,178.04

[Note II; Lease Equipment Schedule 2]

Equipment Description

<u>Description</u>	<u>Acceptance Date</u>	<u>Serial Number</u>	<u>Engine Number (if applicable)</u>	<u>ConRail Number</u>	<u>Lessor's Cost</u>
Two Super Claw Rail Gang Spike Pullers with parts and tools (Rexnord Inc.)	Feb. 24, 1986	208 209		SP3005 SP3006	\$ 30,901.50 \$ 30,901.50
Two Tie Gang Spikers with Boom & Winch, HS Super B & parts & tools (Rexnord Inc.)	Feb. 27, 1986	562 565		SM3029 SM3030	\$ 77,195.00 \$ 77,195.00
				Total	<u>\$ 216,193.00</u>

[Note III; Lease Equipment Schedule 3]

Equipment Description

<u>Description</u>	<u>Acceptance Date</u>	<u>Serial Number</u>	<u>Engine Number (if applicable)</u>	<u>ConRail Number</u>	<u>Lessor's Cost</u>
Two 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Mar. 3, 1986	601	3D-201646	TH2179	\$ 37,453.20
		602	3D-201647	TH2180	\$ 37,453.20
Two 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Mar. 12, 1986	603	3D-201862	TH2181	\$ 37,463.50
		604	3D-201789	TH2182	\$ 37,463.50
Two 2181S Stiff Boom Tie Handlers (Evans/Railway Track-Work Co.)	Mar. 18, 1986	605	3D-201973	TH2183	\$ 37,061.80
		606	3D-201972	TH2184	\$ <u>37,906.40</u>
				Total	\$ <u><u>224,801.60</u></u>

[Note IV; Lease Equipment Schedule 4]

Equipment Description

<u>Description</u>	<u>Acceptance Date</u>	<u>Serial Number</u>	<u>Engine Number (if applicable)</u>	<u>ConRail Number</u>	<u>Lessor's Cost</u>
One One-Piece Model TKO Tie Remover/Inserter (Portec/RMC)	Mar. 3, 1986	677		TE4001	\$ 104,634.93
Two One-Piece Model TKO Tie Remover/Inserters (Portec/RMC)	Mar. 4, 1986	678 679		TE4002 TE4003	\$ 105,270.56 \$ 104,698.98
Two One-Piece Model TKO Tie Remover/Inserters (Portec/RMC)	Mar. 7, 1986	680		TE4004	\$ 105,270.56
Two Tie Gang Spikers with Boom & Winch HS Super B with Parts & Tools (Rexnord Inc.)	Mar. 19, 1986	567		SM3032	\$ 77,572.17
	Mar. 24, 1986	566		SM3031	\$ 77,572.17
Two Tie Gang Spikers with Boom & Winch HS Super B with Parts & Tools (Rexnord Inc.)	Mar. 26, 1986	568 569		SM3033 SM3034	\$ 77,195.00 \$ 77,195.00
Three Super Claw Rail Gang Spike Pullers with Parts & Tools (Rexnord Inc.)	Mar. 26, 1986	212 213 214		SP3009 SP3110 SP3111	\$ 30,655.00 \$ 30,655.00 \$ 30,655.00
Two Ballast Double Brooms Model DB with Parts (Tampco Corp.)	Mar. 26, 1986	1786906 1786916		BB1001 BB1002	\$ 65,967.60 \$ 64,693.10
One Tie Bed Scarifier Model W87E2-1 (Fairmont Railway Motors)	Mar. 26, 1986	254721	3D0201030	TB1468	\$ <u>59,700.00</u>
				Total	<u>\$1,011,735.07</u>

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

DEBTOR:

UNITED STATES TRUST COMPANY

By: Tamara P. Davis

Title: Senior Vice President

SECURED PARTY:

UNION MUTUAL LIFE INSURANCE COMPANY


By: David R. Murray *mrc*
DAVID R. MURRAY

Title: SECOND VICE PRESIDENT

COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF SUFFOLK) ss.:
)

On this 10th day of April, 1986, before me personally appeared TAMARA P. DAVIS, to me personally known, who, being by me duly sworn, says that she is Senior Vice President of UNITED STATES TRUST COMPANY, and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

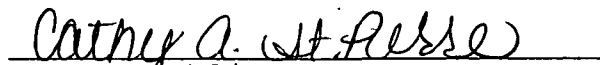

Notary Public

My commission expires: JAMES 3-28-91
My Commission Expires
March 28, 1991

STATE OF MAINE)
COUNTY OF CUMBERLAND) ss.:
)

On this 7th day of April, 1986, before me personally appeared DAVID R. MURRAY, to me personally known, who, being by me duly sworn, says that (s)he is SECOND VICE PRESIDENT of UNION MUTUAL LIFE INSURANCE COMPANY, and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]


Notary Public

My Commission expires: 8-30-91

CATHY A. ST. PIERRE
NOTARY PUBLIC, MAINE
MY COMMISSION EXPIRES AUGUST 30, 1991